FACT SHEET:
HOW LENDERS ANALYZE SMALLER AG LOANS

Lenders typically evaluate small loan applications by using a **Balance Sheet**, **W-2 Wage Forms**, **Schedule F Tax Form**, and a **credit report**.

Balance Sheet
W-2 Wage Forms
Schedule F Tax Form
Credit Report

Repayment Ability

Debt Payment Ratio
(Debt ÷ Income)
< 25% = Low Risk
25% - 50% = Mod. Risk
> 50% = High Risk

Track Record

Credit History
Credit Card Balances
Courthouse Files
Supplier References

Leverage & Collateral

Debt to Asset Ratio
< 50% = Low Risk
50% - 75% = Mod. Risk
> 75% = High Risk

Collateral Coverage Ratio
(Pledged Collateral ÷ Amount of Loan)
> 2.00 = Low Risk
Close to 1.00 = High Risk

Source: The Farmer's Guide to Agricultural Credit

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